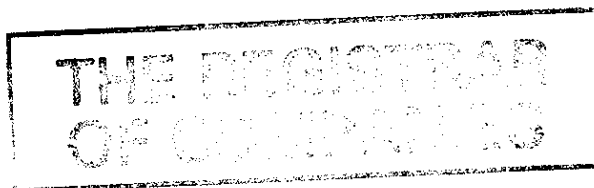


ALPHA SOLWAY LIMITED
ABBREVIATED FINANCIAL STATEMENTS
FOR
31ST DECEMBER 2000



A handwritten signature in black ink, consisting of a large, stylized 'A' followed by a flourish.



ARMSTRONG WATSON
Chartered Accountants & Registered Auditors
Fairview House
Victoria Place
Carlisle
Cumbria
CA1 1HP

ALPHA SOLWAY LIMITED
ABBREVIATED FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 2000

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ALPHA SOLWAY LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	Mr A Wright Mr MW Gibbons Mr RG Hardie
Company secretary	Mr A Wright
Registered office	Factory 1 Queensberry Street Annan Dumfriesshire DG12 5BL
Auditors	Armstrong Watson Chartered Accountants & Registered Auditors Fairview House Victoria Place Carlisle Cumbria CA1 1HP
Bankers	Clydesdale Bank Plc Business Banking Centre Wakefield Road Kingstown Industrial Estate Carlisle Cumbria CA3 0HE
Solicitors	Fyfe Ireland Orchard Brae House 30 Queensferry Road Edinburgh EH4 2HG

ALPHA SOLWAY LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31ST DECEMBER 2000

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st December 2000.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the period was that of manufacturing Industrial Safety & Protective Clothing and Respiratory Products.

Record turnover achieved with profit line exceeding budget. The year began well in the first quarter and the general momentum continued through the year.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have recommended the following dividends:

	2000 £	1999 £
Proposed dividends on ordinary shares	<u>69,000</u>	<u>63,920</u>

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests, including family holdings, in the shares of the company were as follows:

		At 31 December 2000	At 1 January 2000
Mr A Wright	A Ordinary shares	600	600
Mr MW Gibbons	A Ordinary shares	400	400
Mr RG Hardie	Ordinary shares	<u>2,000</u>	<u>2,000</u>

The voting power associated with each category of shareholding is disclosed in the notes to the accounts.

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on pages 10 to 11, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

ALPHA SOLWAY LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31ST DECEMBER 2000

DIRECTORS' RESPONSIBILITIES *(continued)*

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

A resolution to re-appoint Armstrong Watson as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
Factory 1
Queensberry Street
Annan
Dumfriesshire
DG12 5BL

Signed by order of the directors



MR A WRIGHT
Company Secretary

Approved by the directors on

30th May 2001

ALPHA SOLWAY LIMITED

AUDITORS' REPORT TO THE COMPANY

PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 5 to 20, together with the financial statements of the company for the year ended 31st December 2000 prepared under Section 226 of the Companies Act 1985.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and report our opinion to you.

BASIS OF OPINION

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act, and the abbreviated accounts on pages 5 to 20 are properly prepared in accordance with those provisions.

Fairview House
Victoria Place
Carlisle
Cumbria
CA1 1HP

31st May 2001


ARMSTRONG WATSON
Chartered Accountants
& Registered Auditors

ALPHA SOLWAY LIMITED
ABBREVIATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31ST DECEMBER 2000

	Note	2000 £	1999 £
GROSS PROFIT		638,832	637,578
Distribution Costs		(177,229)	(185,909)
Administrative expenses		(246,435)	(243,066)
OPERATING PROFIT	2	215,168	208,603
Income from shares in group undertakings	5	439,513	-
Interest receivable		4,531	5,831
Amounts written off investments	6	(439,513)	-
Interest payable and similar charges	7	(43,967)	(51,705)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		175,732	162,729
Tax on profit on ordinary activities	8	(37,380)	(34,888)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		138,352	127,841
Dividends	9	(69,000)	(63,920)
RETAINED PROFIT FOR THE FINANCIAL YEAR		69,352	63,921
Balance brought forward		166,810	102,889
Balance carried forward		<u>236,162</u>	<u>166,810</u>

The company has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the company are classed as continuing.

The notes on pages 10 to 20 form part of these financial statements.

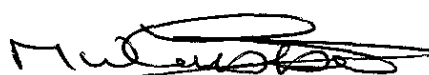
ALPHA SOLWAY LIMITED
ABBREVIATED BALANCE SHEET
31ST DECEMBER 2000

	Note	2000	1999
		£	£
FIXED ASSETS			
Tangible assets	10	403,660	398,060
Investments	11	461,906	901,419
		<u>865,566</u>	<u>1,299,479</u>
CURRENT ASSETS			
Stocks	12	335,172	353,738
Debtors	13	458,197	398,744
Cash at bank and in hand		74,942	209,706
		<u>868,311</u>	<u>962,188</u>
CREDITORS: Amounts falling due within one year	14	<u>(643,377)</u>	<u>(613,696)</u>
NET CURRENT ASSETS		<u>224,934</u>	<u>348,492</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,090,500</u>	<u>1,647,971</u>
CREDITORS: Amounts falling due after more than one year	15	<u>(300,924)</u>	<u>(926,040)</u>
		<u>789,576</u>	<u>721,931</u>
Government grants	19	(3,414)	(5,121)
		<u>786,162</u>	<u>716,810</u>
CAPITAL AND RESERVES			
Called-up equity share capital	22	5,000	5,000
Share premium account		545,000	545,000
Profit and Loss Account		236,162	166,810
SHAREHOLDERS' FUNDS	23	<u>786,162</u>	<u>716,810</u>

These financial statements have been prepared in accordance with the special provisions for medium-sized companies under Part VII of the Companies Act 1985.

These financial statements were approved by the directors on the 30th May 2001, and are signed on their behalf by:


 MR A WRIGHT


 MR MW GIBBONS

The notes on pages 10 to 20 form part of these financial statements.

ALPHA SOLWAY LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31ST DECEMBER 2000

	2000	1999
	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	230,090	388,868
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Income from group undertakings	439,513	-
Interest received	4,531	6,852
Interest paid	(42,003)	(51,970)
Interest element of finance lease	(858)	(1,753)
NET CASH INFLOW/(OUTFLOW) FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	401,183	(46,871)
TAXATION	(34,168)	(43,963)
CAPITAL EXPENDITURE		
Payments to acquire tangible fixed assets	(50,441)	(18,323)
Receipts from sale of fixed assets	3,686	-
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	(46,755)	(18,323)
EQUITY DIVIDENDS PAID	(64,310)	(70,000)
CASH INFLOW BEFORE FINANCING	486,040	209,711
FINANCING		
Repayment of bank loans	(100,000)	(100,000)
Repayment of long-term amounts owed to group undertakings	(439,513)	-
Capital element of finance lease	(2,553)	(7,659)
Net outflow from other long-term creditors	(60,000)	(60,000)
NET CASH OUTFLOW FROM FINANCING	(602,066)	(167,659)
(DECREASE)/INCREASE IN CASH	(116,026)	42,052

The notes on pages 10 to 20 form part of these financial statements.

ALPHA SOLWAY LIMITED

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 31ST DECEMBER 2000

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2000 £	1999 £
Operating profit	215,168	208,603
Depreciation	41,155	38,704
Amortisation of government grants	(1,707)	(1,707)
Decrease/(Increase) in stocks	18,566	(20,270)
(Increase)/Decrease in debtors	(59,453)	130,095
Increase in creditors	16,361	33,443
Net cash inflow from operating activities	230,090	388,868

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2000 £	1999 £
(Decrease)/Increase in cash in the period	(116,026)	42,052
Net cash outflow from bank loans	100,000	100,000
Net cash outflow from long-term amounts owed to group undertakings	439,513	-
Net cash outflow in respect of finance lease	2,553	7,659
Net cash outflow from other long-term creditors	60,000	60,000
	486,040	209,711
Change in net debt	486,040	209,711
Net debt at 1st January 2000	(860,103)	(1,069,814)
Net debt at 31st December 2000	(374,063)	(860,103)

The notes on pages 10 to 20 form part of these financial statements.

ALPHA SOLWAY LIMITED

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 31ST DECEMBER 2000

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jan 2000 £	Cash flows £	At 31 Dec 2000 £
Net cash:			
Cash in hand and at bank	209,706	(134,764)	74,942
Overdrafts	(35,214)	18,738	(16,476)
	<u>174,492</u>	<u>(116,026)</u>	<u>58,466</u>
Debt:			
Debt due within 1 year	(100,000)	(25,000)	(125,000)
Debt due after 1 year	(922,211)	624,513	(297,698)
Finance leases	(12,384)	2,553	(9,831)
	<u>(1,034,595)</u>	<u>602,066</u>	<u>(432,529)</u>
Net debt	<u>(860,103)</u>	<u>486,040</u>	<u>(374,063)</u>

The notes on pages 10 to 20 form part of these financial statements.

ALPHA SOLWAY LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2000

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a medium-sized group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

Turnover

The turnover shown in the Profit and Loss Account represents amounts invoiced during the year, exclusive of Value Added Tax.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Property	- 2% straight line
Plant & Machinery	- 10% straight line
Fixtures & Fittings	- 10% to 25% straight line

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the Profit and Loss Account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

ALPHA SOLWAY LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2000

1. ACCOUNTING POLICIES *(continued)*

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the Profit and Loss Account.

Deferred taxation

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Research and development expenditure

Research and development expenditure is written off in the profit and loss account in the year in which it is incurred.

Government grants

Government grants in respect of assets are credited to a deferral account and are released to revenue over the expected useful life of the relevant asset. Where the grant is in respect of expenditure it is credited to the relevant expense heading.

2. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2000	1999
	£	£
Amortisation of government grants re fixed assets	(1,707)	(1,707)
Depreciation	41,155	38,704
Loss on disposal of fixed assets	(797)	-
Auditors' remuneration		
- as auditors	4,424	5,500
Operating lease costs:		
Plant and equipment	2,244	3,145
Vehicles	21,719	20,916

ALPHA SOLWAY LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2000

3. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2000	1999
	No.	No.
Number of production staff	53	52
Number of distribution staff	1	1
Number of administrative staff	3	3
Number of selling staff	6	6
Number of indirect admin staff	5	5
Number of maintenance staff	2	2
	<u>70</u>	<u>69</u>

The aggregate payroll costs of the above were:

	2000	1999
	£	£
Wages and salaries	698,934	679,055
Social security costs	57,122	46,429
Other pension costs	30,340	28,093
	<u>786,396</u>	<u>753,577</u>

4. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2000	1999
	£	£
Aggregate emoluments	134,555	129,864
Value of company pension contributions to money purchase schemes	12,690	12,086
	<u>147,245</u>	<u>141,950</u>

The number of directors who are accruing benefits under company pension schemes were as follows:

	2000	1999
	No.	No.
Money purchase schemes	<u>2</u>	<u>2</u>

5. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	2000	1999
	£	£
Dividends received from subsidiary undertakings	<u>439,513</u>	<u>-</u>

ALPHA SOLWAY LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2000

6. AMOUNTS WRITTEN OFF INVESTMENTS

	2000 £	1999 £
Permanent diminution in value of investments	<u>439,513</u>	<u>-</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2000 £	1999 £
Interest payable on bank borrowing	35,659	43,553
Finance charges	858	1,753
Other similar charges payable	7,450	6,399
	<u>43,967</u>	<u>51,705</u>

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000 £	1999 £
In respect of the year:		
Corporation Tax based on the results for the year at 20% (1999 - 20%)	38,100	34,888
Adjustment in respect of previous years:		
Corporation Tax	(720)	-
	<u>37,380</u>	<u>34,888</u>

9. DIVIDENDS

The following dividends have been proposed in respect of the year:

	2000 £	1999 £
Proposed dividend on ordinary shares	<u>69,000</u>	<u>63,920</u>

Dividends proposed at the year end equated to £1.38 per share (1999 £1.2784).

ALPHA SOLWAY LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2000

10. TANGIBLE FIXED ASSETS

	Freehold Property £	Plant & Machinery £	Fixtures & Fittings £	Total £
COST				
At 1st January 2000	318,984	232,526	90,686	642,196
Additions	-	49,606	835	50,441
Disposals	-	(5,305)	-	(5,305)
At 31st December 2000	<u>318,984</u>	<u>276,827</u>	<u>91,521</u>	<u>687,332</u>
DEPRECIATION				
At 1st January 2000	41,384	159,479	43,273	244,136
Charge for the year	6,380	15,920	18,855	41,155
On disposals	-	(1,619)	-	(1,619)
At 31st December 2000	<u>47,764</u>	<u>173,780</u>	<u>62,128</u>	<u>283,672</u>
NET BOOK VALUE				
At 31st December 2000	<u>271,220</u>	<u>103,047</u>	<u>29,393</u>	<u>403,660</u>
At 31st December 1999	<u>277,600</u>	<u>73,047</u>	<u>47,413</u>	<u>398,060</u>

Finance lease agreements

Included within the net book value of £403,660 is £13,835 (1999 - £19,187) relating to assets held under finance lease agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £5,352 (1999 - £5,352).

11. INVESTMENTS

VIENNA HOLDINGS LIMITED

	£
COST	
At 1st January 2000 and 31st December 2000	<u>901,419</u>
AMOUNTS WRITTEN OFF	
Written off in year	<u>439,513</u>
At 31st December 2000	<u>439,513</u>
NET BOOK VALUE	
At 31st December 2000	<u>461,906</u>
At 31st December 1999	<u>901,419</u>

ALPHA SOLWAY LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2000

11. INVESTMENTS *(continued)*

Aggregate capital and reserves

	2000	1999
	£	£
Vienna Holdings Limited (dormant)	33,233	472,746

The company owns 100% of the issued share capital of Vienna Holdings Limited, a company incorporated in Scotland.

During the year Vienna Holdings Limited paid a dividend amounting to £439,513 to Alpha Solway Limited. This distribution has reduced the value of the investment in Vienna Holdings Limited by £439,513.

Under the provision of section 248 of the Companies Act 1985 the company is exempt from preparing consolidated accounts and has not done so, therefore the accounts show information about the company as an individual entity.

12. STOCKS

	2000	1999
	£	£
Raw Materials	127,798	133,006
Work in progress	28,542	29,150
Finished goods	178,832	191,582
	<u>335,172</u>	<u>353,738</u>

13. DEBTORS

	2000	1999
	£	£
Trade debtors	435,243	385,097
Other debtors	199	1,100
Prepayments and accrued income	22,755	12,547
	<u>458,197</u>	<u>398,744</u>

ALPHA SOLWAY LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2000

14. CREDITORS: Amounts falling due within one year

	2000	1999
	£	£
Bank loans and overdrafts	141,476	135,214
Trade creditors	169,898	162,740
Other creditors including taxation and social security:		
Corporation tax	38,100	34,888
PAYE and social security	17,228	16,742
VAT	43,253	34,566
Finance leases	6,605	8,555
Dividends payable	69,000	64,310
Other loans	60,000	60,000
Other creditors	37,272	41,436
	<u>271,458</u>	<u>260,497</u>
Accruals and deferred income	60,545	55,245
	<u>643,377</u>	<u>613,696</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2000	1999
	£	£
Bank loans and overdrafts	125,000	100,000
Finance leases	6,605	8,555
	<u>131,605</u>	<u>108,555</u>

15. CREDITORS: Amounts falling due after more than one year

	2000	1999
	£	£
Bank loans and overdrafts	250,000	375,000
Amounts owed to group undertakings	28,233	467,746
Other creditors:		
Finance leases	3,226	3,829
Other creditors	19,465	19,465
Other loans	-	60,000
	<u>300,924</u>	<u>926,040</u>

The bank loans are secured by the company as follows:

- Standard security over the freehold property.
- Floating charge over the assets and undertakings of the company.

ALPHA SOLWAY LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2000

15. CREDITORS: Amounts falling due after more than one year *(continued)*

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	2000 £	1999 £
Bank loans and overdrafts	250,000	375,000
Finance leases	3,226	3,829
	<u>253,226</u>	<u>378,829</u>

The following aggregate liabilities are repayable in whole, otherwise than by instalments, and are due for repayment after more than five years from the balance sheet date:

	2000 £	1999 £
Amounts owed to group undertakings	<u>28,233</u>	<u>467,746</u>

16. CREDITORS - CAPITAL INSTRUMENTS

	2000 £	1999 £
In one year or less, or on demand	208,081	203,769
Between one and two years	128,226	163,829
Between two and five years	125,000	275,000
In five years or more	47,698	487,211
	<u>509,005</u>	<u>1,129,809</u>

17. PENSIONS

Defined Contribution Scheme

The Company operates a defined contribution scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge in the profit and loss account of £30,341 (1999 £28,093) represents the employers contributions payable.

There were no prepaid contributions at the balance sheet date.

18. DEFERRED TAXATION

No provision has been made in the accounts and the amounts unprovided at the end of the year are as follows:

	2000 £	1999 £
Excess of taxation allowances over depreciation on fixed assets	<u>39,532</u>	<u>42,070</u>

ALPHA SOLWAY LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2000

19. GOVERNMENT GRANTS

	2000 £	1999 £
Received and receivable:		
At 1st January 2000	6,828	6,828
At 31st December 2000	<u>6,828</u>	<u>6,828</u>
Amortisation:		
At 1st January 2000	1,707	-
Credit to profit and loss account	1,707	1,707
At 31st December 2000	<u>3,414</u>	<u>1,707</u>
Net balance at 31st December 2000	<u>3,414</u>	<u>5,121</u>

20. COMMITMENTS UNDER FINANCE LEASE AGREEMENTS

Future commitments under finance lease agreements are as follows:

	2000 £	1999 £
Amounts payable within 1 year	6,605	8,555
Amounts payable between 1 and 2 years	3,226	3,829
	<u>9,831</u>	<u>12,384</u>

21. COMMITMENTS UNDER OPERATING LEASES

At 31st December 2000 the company had annual commitments under non-cancellable operating leases as set out below.

	Assets Other Than Land & Buildings	
	2000 £	1999 £
Operating leases which expire:		
Within 1 year	10,111	3,874
Within 2 to 5 years	10,990	23,611
	<u>21,101</u>	<u>27,485</u>

ALPHA SOLWAY LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2000

22. SHARE CAPITAL

Authorised share capital:

	2000	1999
	£	£
49,000 Ordinary shares of £0.10 each	4,900.00	4,900.00
1,000 "A" Ordinary shares of £0.10 each	100.00	100.00
	<u>5,000.00</u>	<u>5,000.00</u>

Allotted, called up and fully paid:

	2000		1999	
	No.	£	No.	£
Ordinary shares	49,000.00	4,900.00	49,000.00	4,900.00
"A" Ordinary shares	1,000.00	100.00	1,000.00	100.00
	<u>50,000.00</u>	<u>5,000.00</u>	<u>50,000.00</u>	<u>5,000.00</u>

The Ordinary Shares and the "A" Ordinary Shares have the same rights and rank pari passu in all respects (including any dividends), except as noted below.

Voting Power of "A" Ordinary Shares

"A" Ordinary Shares are entitled to 16.33 votes per Ordinary Share. The number of votes per "A" Ordinary Share shall be adjusted in accordance with the following provisions:-

i) for every £9,270 of dividend declared (excluding any tax credit) at each AGM and paid to the investors, the number of votes on each "A" Ordinary Share shall with effect from the date on which the investors receive payment of the dividend declared at such AGM be increased by one.

ii) notwithstanding paragraph (i) above, the maximum number of votes on each "A" Ordinary Share shall in no circumstances exceed 73.5 votes per Ordinary Share.

In the event that the number of votes exercisable by any person holding "A" Ordinary Shares in respect of his entire holding of shares does not constitute a whole number of votes, the number of votes exercisable by him in respect of his entire holding of "A" Ordinary Shares shall be rounded down to the nearest whole number.

ALPHA SOLWAY LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2000

Bonus

On the day following payment of the dividend declared at the AGM held in the year 2003 or, if no dividend is declared at the AGM held in the year 2003, on the day following such AGM (such day in either case being 'the Conversion Date') and provided that the following conditions have been satisfied viz:-

(a) the amount due by the Company under the Bank Debt at 31 July 2003 does not exceed £62,500; and

(b) no Event of Default has occurred in a situation where the Bank has demanded and/or is likely to demand early repayment of the Facilities and is outstanding at the Conversion Date; and

(c) the Executives are still employed by the Company and have not resigned as Directors of the Company on or before the Conversion Date; then:-

(i) every one 'A' Ordinary Share held shall convert to one Ordinary Share ('the Conversion'); and

(ii) each of the Executives shall be issued with such number of Ordinary Shares as represent the total number of votes to which such Executive shall be entitled by virtue of their holding of 'A' Ordinary Shares prior to the Conversion less the number of Ordinary Shares to which such Executive becomes entitled pursuant to the Conversion ('the Bonus Issue').

The Ordinary Shares resulting from the Conversion and the Bonus Issue shall have the same rights and shall rank pari passu in all respects with the other Ordinary Shares in the capital of the Company.

23. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000	1999
	£	£
Profit for the financial year	138,352	127,841
Dividends	(69,000)	(63,920)
	<u>69,352</u>	<u>63,921</u>
Opening shareholders' equity funds	716,810	652,889
Closing shareholders' equity funds	<u>786,162</u>	<u>716,810</u>